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CAMBRIDGE
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CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

2520117299

BUSINESS STUDIES **0450/12**

Paper 1 Short Answer and Data Response **February/March 2026**

1 hour 30 minutes

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen. You may use an HB pencil for any diagrams or graphs.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen. Do **not** use correction fluid or tape.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **12** pages. Any blank pages are indicated.

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[Turn over

1 MCL is a private limited company which makes toys. The business wants to contribute to sustainable development so uses recycled plastic to make the toys. MCL uses primary market research to decide which toys to produce. The business uses retailers as its channel of distribution. MCL's finance director knows that the business has a cash flow problem.

(a) Define 'private limited company'.

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..... [2]

(b) Define 'sustainable development'.

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..... [2]

(c) Outline **one** advantage and **one** disadvantage to MCL of using primary market research.

advantage .....

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disadvantage .....

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[4]

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(d) Explain **two** ways MCL could overcome its cash flow problem.

way 1 .....

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explanation .....

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way 2 .....

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explanation .....

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..... [6]

(e) Do you think retailers are the best channel of distribution for a manufacturing business to use? Justify your answer.

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2 LMB provides healthcare services for people aged 70 years and above. It is a large public sector business which is continuing to grow. The human resources manager has started the recruitment process for 500 additional employees. He is also planning on-the-job training for all LMB's employees. The business uses email as its main method of communication. The human resources manager knows that there are many benefits to a business of having a well-motivated workforce.

(a) Define 'public sector business'.

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..... [2]

(b) Identify **two** benefits to a business of having a well-motivated workforce.

benefit 1 .....

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benefit 2 .....

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[2]

(c) Identify **four** stages in the recruitment process.

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[4]

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(d) Explain **one** advantage and **one** disadvantage to LMB of using on-the-job training.

advantage.....

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explanation .....

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disadvantage .....

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explanation .....

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..... [6]

(e) Do you think using email is the best method for a business to use to communicate with its employees? Justify your answer.

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3 KYX is a public limited company. It manufactures beds in country Y. The business holds a high level of inventory. Country Y has experienced economic growth and demand for KYX's beds increased by 30% last year. The operations manager is reviewing KYX's output data as he wants to calculate the margin of safety. An extract from KYX's output data is shown in Table 3.1. KYX's managing director plans to open another factory in country Y and knows there are many location factors to consider. She will also need to decide on an external source of finance to fund the new factory.

Table 3.1
Extract from KYX's output data (units)

current output	13 000
break-even level of output	10 000

(a) Define 'economic growth'.

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..... [2]

(b) Calculate KYX's margin of safety. Show your working.

margin of safety ..... [2]

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(c) Outline **two** reasons why KYX holds a high level of inventory.

reason 1 .....

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reason 2 .....

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[4]

(d) Explain **two** external sources of finance KYX could use to fund the new factory.

source 1 .....

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explanation .....

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source 2 .....

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explanation .....

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(e) Explain **two** factors a manufacturing business should consider when deciding on a suitable location for a new factory. Which factor is likely to be the most important? Justify your answer.

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4 Asha started ASW 5 years ago in country Z. ASW sets up and manages websites for other businesses. It has grown in size and now manages websites for 25 businesses. Asha is concerned about potential problems for ASW as the business continues to grow. Taxes in country Z are increasing and Asha is aware that this could affect ASW. Asha has a business plan and regularly reviews her business objectives. She knows that globalisation could provide opportunities for her business.

(a) Define 'business plan'.

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.....

..... [2]

(b) Identify **two** examples (other than growth) of business objectives.

objective 1 .....

.....

objective 2 .....

.....

[2]

(c) Outline **two** potential problems for ASW as the business continues to grow.

problem 1 .....

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problem 2 .....

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[4]

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(d) Explain **two** ways ASW could be affected by an increase in taxes.

way 1 .....

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explanation .....

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way 2 .....

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explanation .....

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(e) Do you think the opportunities of globalisation for a business are greater than the threats? Justify your answer.

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